

TOP SECRET

1069

GENERAL

1. US moves to end Austrian treaty discussions--The Department of State has instructed US Representative Reber in London to bring the Austrian treaty negotiations to a close as near the 1 September deadline as possible, making an effort meanwhile to obtain the maximum agreement. The Department warns that further western concessions are undesirable and that the deputies must not arrive at final agreement on points in which the Soviet demands exceed the terms of the Paris agreement and adversely affect Austria or the western occupation powers. The Department expresses the view that the outstanding issues can be discussed in Moscow by the western ambassadors and the Soviet foreign minister. The Department advises Reber to seek British and French concurrence on future procedure concerning the treaty.

THE AMERICAS

2. CHILE: General strike may cause government fall—   
  President Gonzalez Videla's position may become untenable if a general strike culminates the rioting of the past several days.    
the President might then retire in favor of a junta, probably including the present Minister of National Defense and the Minister of Interior. US Ambassador Bowers in Santiago expresses the view that it is too early to determine whether the present strikes will create a trend toward a general strike.

(CIA Comment: The weakness of Gonzalez' political position is increased by his dependence on a coalition which has already shown signs of disintegration in the face of the worsening economic situation. Although a junta representing the armed forces could probably control any efforts at uprisings, it could not improve the basically bad situation.)

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